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UNITED STATES COORDINATOR
ALLIANCE FOR PROGRESS

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington 25, D. C.

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JUN 13 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The Alliance for Progress in El Salvador

1. I submit for your information this brief report, based on my three-day visit last week to El Salvador on the occasion of the opening of a U.S. Trade Fair.

2. The recently-elected regime which takes office on July 1 came to power on an Alliance for Progress platform. This new regime, pro-U.S. and backed by the military, is headed by Colonel Julio Rivera and enjoys unanimous support in the Salvadorean legislature. A major problem facing the new government is to effect a face-saving but not principle-sacrificing rapprochement with the oligarchy dominating the business community so that the stagnant economy may grow again at the pace attained in the 1950's (This problem may seem not without modest parallels to you). My contacts with members of the present and future administrations, which are to a large extent identical, and with the business community were designed to assist this rapprochement. Indeed, one of our major loan projects there will be devoted to a private industrial development bank which the government sees as a concrete step in the direction of better relations with the business community. El Salvador has both money and managerial talent in its private sector and can grow significantly if the business community can be convinced to put its money to work in the country once more. President-elect Rivera, with whom I talked at length at the outset of my visit, seemed to see this problem clearly, as well as the need for social reform and for the building of stabilizing national institutions. While his cabinet seemed distinctly second rate, his posture thus far and the heavy emphasis he has placed on building a sound planning facility bode well for the future.

3. In addition to many discussions with members of the present and future government and business leaders, my four major public speeches, and my examination of the local US A.I.D. program, among other highlights of my visit were meetings with democratic trade union leaders, violent communist-inspired student attacks on the Alliance for Progress, and right-wing criticism of the Alliance in daily full-page advertisements. Another high spot was the inauguration of the first in

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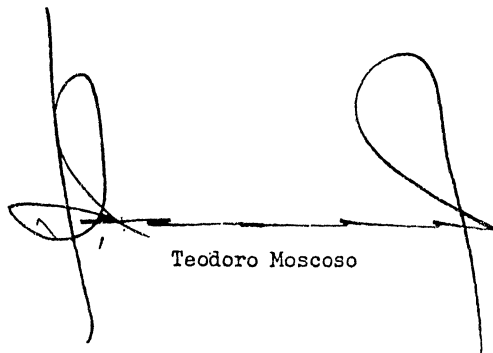
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a series of approximately 100 schools to be built this year in El Salvador. I attach photographs of the inaugural ceremony. This school was built in only 29 days to be ready for the opening of the Trade Fair. I have informed our mission in El Salvador that I wish the other schools built with comparable haste.

4. Local press coverage of the opening of the school and other aspects of my visit was heavy and prominent. There is no doubt that the Alliance for Progress is known widely in El Salvador. It is welcomed and supported by the Government and, as far as I can tell, by the chief non-Communist opposition to the government as well. It is violently attacked by the Communists, who have surrendered the issue of reform to us and campaign on the sterile ground that we seek to colonize their country. It is strongly criticized also by the oligarchy, which wants us to buy El Salvadorean coffee, sugar and other exports without limit and to stop talking of social change. Thus attacked from both the right and the left, we and your able Ambassador, Murat Williams, intend to move ahead with the new government to rekindle economic growth, encourage social reform, and bring to the Salvadorean people the schools, homes and jobs they seek as the first fruits of the Alliance.



Teodoro Moscoso

Attachments

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